

The *Federal Flyer*

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End of Congress Wrap-up

In this issue of the *Federal Flyer* we will provide an overview of the key transportation issues that we have covered since the beginning of the 105th Congress. The 105th Congress has ended its legislative business and we now take a look at what has been accomplished in the past two years.

Over the next few months, we will be preparing for the 106th Congress, which will have the responsibility for preserving the gains made in TEA 21 as well as tackling a multi-year reauthorization of the Airport Improvement Program and the annual appropriations process.

We have enjoyed bringing you the *Federal Flyer* and we hope that you have found the information in this newsletter useful in your work. As we prepare for the 106th Congress, we look forward to bringing you the latest news and analysis of key federal transportation issues affecting Texas.



1997 - 105th Congress, First Session



First Reauthorization Hearings Announced

The debate over the future of the nation's surface transportation programs resumed again in earnest in January 1997 as the Senate Environment and Public Works Committee and the House Transportation and Infrastructure Committee scheduled hearings. This year's hearings focused Congress' attention again on the importance of reauthorizing federal surface transportation programs before the current authorization (under ISTEA) expires on September 20, 1997.



DeLay, Warner Reintroduce STEP 21 Bills

At a February 11 press conference attended by more than 25 of their colleagues in the House and Senate, the chief sponsors of the ISTEA Integrity Restoration Act (a.k.a. STEP 21) reintroduced their plan to modernize the way federal highway funds are distributed to the states. As of press time, HR 674 had acquired 84 cosponsors, including 21 members of the Texas delegation and **House Speaker Newt Gingrich** (R - GA). By February 17, S 335 had 21 cosponsors, including both Texas senators.



House Committee Hears Leading Formula Proposals

Continuing its series of hearings begun in 1996 on the reauthorization of federal surface transportation programs, the House Surface Transportation Subcommittee of the Committee on Transportation and Infrastructure held a hearing on February 12. The hearing focused on the various proposals being floated around Capitol Hill to deal with the contentious issue of federal highway funding formulas.

Representatives of three separate proposals testified before the panel to discuss "turnback," the STEP 21 proposal, and the status quo (i.e., ISTEA Works!).



Dallas-Fort Worth Area, Texas House Committee Endorse STEP 21

In February a coalition of Dallas-Fort Worth area public and private transportation interest groups named Partners in Mobility adopted a policy position on the STEP 21 proposal. The coalition's position urges members of Congress to support the STEP 21 proposal as a means of returning a greater portion of transportation funds to those states which have historically contributed more to the Highway Trust Fund than they have received. In addition, the Texas House Transportation Committee unanimously adopted a resolution (HCR 38) supporting STEP 21.



Governors Ask Congress to Fully Utilize Trust Fund Balance

In a letter to the leaders of the U.S. House and Senate Budget Committees, Texas **Governor George W. Bush** and 33 other governors joined together to encourage Congress to fully fund the surface transportation program beginning in the FY 1998 budget and to avoid a large buildup in

the transportation trust funds. "We believe the revenues received from the collection of the federal gas tax should be disbursed to the states to fulfill their growing unmet needs," the governors said.



Chafee Offers Another Option for Highway Funding

Senate Environment and Public Works Committee Chairman **John Chafee** (R - R.I.) introduced legislation which would place the revenues from federal motor fuels taxes into a special fund within the federal budget, allowing greater spending on the nation's highway system. The proposal, called the "Highway Trust Fund Integrity Act," would require that revenues collected in one year be spent in the next year.



Clinton, Gore, Slater Launch NEXTEA

The National Economic Crossroads Transportation Efficiency Act (NEXTEA) would provide \$175 billion over six years for federal highway and transit programs. The NEXTEA plan would use more current and relevant data in the formulas but would do little to improve the funding situation for donor states. NEXTEA continues the practice of using equity adjustments in addition to the basic formulas to achieve the President's goal of mitigating any negative impact on recipient states.



Shuster to Form Bipartisan Commission to Study Amtrak

On March 20, House Transportation and Infrastructure Chairman **Bud Shuster** (R - PA) announced his plans to form a commission to look into ways to save the nation's intercity passenger rail system, Amtrak.



Baucus, Western Senators Introduce STARS 2000

Senator **Max Baucus** (D - MT) unveiled the Surface Transportation Authorization and Regulatory Streamlining Act (STARS 2000) on April 9, 1997. STARS 2000 deals only with the highway title and is similar to the STEP 21 proposal. The formula incorporated into STARS 2000 reflects Western states' heavy dependency on highways.



32 Senators Support Current ISTEA Structure, Formula in ISTEA Works! Legislation

Lawmakers from the Northeast joined together to introduce the ISTEA Works! coalition's proposal to maintain the current surface transportation program structure and funding formulas provided in ISTEA. The measure, S 586, would provide more than \$190 billion for surface transportation programs over the next six years.



Highway Industry Launches Reform ISTEA Now! Coalition

House Majority Whip **Tom DeLay** (R - TX) and Representative **Gary Condit** (D - CA) joined a bipartisan group of road builder organizations on June 18, 1997 to announce the formation of the Reform ISTEA Now Coalition. The coalition supports the enactment of the ISTEA Integrity Restoration Act and plans to build grassroots support among its members for the funding equity and program flexibility provisions incorporated in the STEP 21 legislation.



House Committee Unveils BESTEA

On September 4, 1997, House Transportation and Infrastructure Committee leaders unveiled the full text of their legislation to reauthorize the

federal surface transportation programs. The proposal is dubbed BESTEA for Building Efficient Surface Transportation and Equity Act of 1997. BESTEA as filed provided \$103.2 billion for highway safety, highways, and transit over three years.



Senate Committee Approves ISTEA II

After a unanimous vote in the Senate Environment and Public Works Committee in September 1997, the Senate began consideration of S 1173, named ISTEA II in homage to New York Senator **Daniel Patrick Moynihan**, who laid the foundation for ISTEA. S 1173 provides \$145 billion over six years.



House 6-Month Bill Up Against 6-Year Senate Version

On September 24, 1997, the House Transportation and Infrastructure Committee yielded to pressure from House Speaker Newt Gingrich and set aside (at least temporarily) its proposed 3-year, \$103 billion reauthorization bill. Instead, the committee voted unanimously to approve HR 2516, a six-month, \$11.9 billion continuation of ISTEA. On the other side of the Capitol, S 1173 is a 6-year measure with funding within the budget agreement and formulas more beneficial to donor states than current ones.



Byrd, Gramm Amendment Would Spend 4.3¢ Tax Funds

As the full Senate began consideration of ISTEA II, Senators **Robert Byrd** (D - WV) and **Phil Gramm** (R - TX) announced that they will introduce an amendment to the bill that would authorize the obligation of an additional \$6 billion per year – the amount raised by the share of the 4.3 cent gas tax recently diverted to the Highway Trust Fund's Highway Account –

beginning in FY 1999. The amendment would have the effect of increasing ISTEA II's total funding to \$151 billion over six years.



Congress Approves FY 1998 Transportation Spending Bill

The bill provides the following funding amounts - Aviation: \$9.976 billion; Highways: \$23.275 billion; Highway Safety: \$333.5 million; Amtrak: \$534 million; and Transit: \$4.598 billion.



Senate, House Reach Compromise on Short-Term Extension

With the threat of layoffs at the FHWA looming, the House and Senate in November passed and sent to the president a short-term extension of the federal surface transportation programs created in ISTEA. The deal would provide authorization through May 1, 1998.

The bill would provide \$5.5 billion for highway contracts over the 6-month period and allows states access to approximately \$10 billion in unobligated balances. The compromise also provides \$2.5 billion to fund a 6-month extension of federal transit programs and \$253 million to cover the nation's highway traffic safety program.



Congress Approves Amtrak Reform Bill

In last minute negotiations in November, the Senate developed a compromise measure to provide needed route, labor, and procurement changes to reform Amtrak. Enactment of S 738, sponsored by Senator **Kay Bailey Hutchison** (R - TX), chairman of the Surface Transportation Subcommittee, will free up \$2.3 billion in capital funds that had been provided in the tax bill earlier in the year. S 738 will also provide Amtrak with \$3.4 billion for system operations and capital expenses during FYs 1998-2000.



1998- 105th Congress, Second Session



Commission Outlines 1998 Congressional Emphases

In a letter to the Texas Congressional Delegation, **David Laney**, Texas Commissioner of Transportation, outlined TxDOT's areas of emphasis for the Second Session of the 105th Congress. The three focus areas are 1) *Continue efforts in support of the principles of the STEP 21 Coalition - fairer funding formulas, program streamlining, and spending flexibility*; 2) *Make*

the House and Senate bills more beneficial to Texas; and 3) *Support the highest possible transportation funding levels when the FY 1999 budget resolution comes under consideration.*



Senate Leaders Strike Deal on Additional Highway Funding

Efforts led by Senators Byrd and Gramm resulted in up to \$26 billion in extra highway program funds. In an effort to move the Senate

reauthorization bill forward, Senate leaders agreed on March 2, 1998 to put an extra \$25.8 billion in highway funds into the ISTEA rewrite. Through the formula programs of ISTEA II, Texas would receive an average of \$1.79 billion in highway funds, representing a 90% rate of return on formula program funding. The compromise also provides for \$5 billion in additional transit funding for the bill. The amended bill now would provide a total of \$214 billion over six years for highways, highway safety, and transit programs.



House Passes BESTEA

On April 8, 1998, the U.S. House of Representatives passed HR 2400 (BESTEA), its 6-year surface transportation reauthorization bill with total funding of \$218 billion.



HR 2400 Conference Makes Slow Progress

After two weeks of meetings and the passing of the May 1, 1998 authorization deadline, by May 8, 1998 the conference committee on HR 2400 had made little progress. Congressional leaders and President Clinton have been at odds over the high spending levels in the proposed House and Senate versions of HR 2400. Congressional leaders are looking for ways to both stay within the budget and providing additional funding for highways and mass transit programs.



Republican Leaders Broker Funding Deal

The leaders of the House and Senate in mid-May appeared to have reached a compromise on funding for HR 2400, even though President Clinton threatened to veto the bill with its high spending levels. The framework of the compromise mirrors a proposal by Senator Chafee to "wall off" spending from the Highway Trust Fund, providing \$167 billion in guaranteed spending for highways over six years and \$33.5 billion in guaranteed spending for

transit. This arrangement would tie annual spending to the level of gas tax receipts deposited into the fund the previous year. At the same time, the proposal maintains transportation spending within the federal budget. These funding levels are still some \$23 billion above the budget agreement spending limits, which is the remaining point of contention on this bill. Negotiators are looking for acceptable offsets to pay for the extra spending.



HR 2400 Rises from Conference as TEA 21

The U.S. Senate and House of Representatives in late May 1998 adopted the Transportation Equity Act for the 21st Century (TEA 21) to replace the federal surface transportation programs authorized under ISTEA. TEA 21 provides \$204 billion over 6 years. This is \$168 billion for highway-related programs and \$36 billion for transit nationally. Texas should see an average of \$1.88 billion in highway funds and \$250 million in transit funds each year. TEA 21 provides a 90.5% rate of return on highway formula and demo project categories, thanks to changes in the new Minimum Guarantee program.



TEA 21 Becomes Law

President Bill Clinton on June 9, 1998 signed the new federal surface transportation authorization bill (TEA 21) into law, making available an historic level of federal funding for the nation's highways, mass transit, highway safety, and research programs. For the first time ever, TEA 21 provides at least \$198 billion in guaranteed federal funding for the core highway and mass transit programs. The total authorization available, depending on annual appropriations action, could reach \$218 billion by 2003. The new law creates a firewall in the federal budget which allows the annual highway and mass transit program funding to match the

previous year's motor fuels tax revenues. Appropriators would not be allowed under the new law to spend any less than that amount each year.



Gramm, Laney, Wykle Tout New Corridor/Border Program

On June 29, 1998, Texas Senator Phil Gramm led meetings for Texas trade corridor and border infrastructure needs in Austin, Houston, and San Antonio. Gramm was joined at the meetings by Texas Commissioner of Transportation David Laney and FHWA Administrator **Kenneth Wykle**. The three leaders met with local elected officials and supporters of several key transportation corridors to focus both FHWA's and the state's attention on \$700 million in new funds made available in the TEA 21 National Corridor Planning and Development and Coordinated Border Infrastructure discretionary programs.



FY 1999 Appropriations Match Guaranteed Spending Levels

The Senate and House Transportation Appropriations Subcommittees in July effectively fulfilled the guaranteed spending levels established by TEA 21 by adopting \$47.5 billion and \$46.9 billion FY 1999 spending bills, respectively. House Subcommittee Chairman **Frank Wolf** (R - VA), however, stated that 70 percent of the \$46.9 billion in spending is required by TEA 21. "If anyone wants to offer an amendment to repeal TEA 21, I will second it, and I will vote for it today,"

Wolf said. He went on to say that the new act has "undermined the flexibility of this committee" to move funds from the highway and transit programs to "equally important or more important programs."



Clinton Signs TEA 21 Technical Corrections Language

Congress used HR 2676, the Internal Revenue Reform Act, as a vehicle for the several technical corrections needed to finalize TEA 21. Some of the important provisions included in the technical corrections language include DWI incentive grants, open container law requirements, and provisions for the large offsets in funding within the budget to cover the TEA 21 legislation.



Texans Call for Fairness, Equity at Border/Corridor Conference

Asking for "fairness and equity," Texas was well-represented at two U.S. Department of Transportation "listening sessions" held this fall in San Diego, California, and Houston, Texas. Speakers demanded that USDOT use fair and equitable project selection criteria when it decides which projects to fund in the new \$140 million annual National Corridor Planning and Development and Coordinated Border Infrastructure discretionary programs. Texas Transportation Commission member **Robert Nichols** suggested that the programs should focus on border-corridor systems that run north-south, where the bulk of U.S. trade increases is flowing.

HAPPY THANKSGIVING

The *Federal Flyer* is a publication of the TxDOT Legislative Affairs Office. It is intended to provide up-to-date information on major legislative activities in the 105th Congress for the management of the Texas Department of Transportation, state leaders, and others interested in Texas transportation issues. This report will also feature key activities in the national transportation community. Sources include news services and staff reports.

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